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BIWEEKLY REPORT

SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC WGR 1/160

26 March 1962

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

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Summary of Events
9-22 March 1962

On 13 January the USSR and Afghanistan signed a credit agreement that provides for the supply of Soviet consumer goods worth \$12 million during the period of the second Afghan Five Year Plan (1962-66). The Afghan Government will apply the funds generated by the sale of these items in the domestic market against the local costs of Soviet aid projects scheduled for implementation during the plan period.

On 1 March the USSR agreed to provide Egypt with technical and economic assistance in expanding a steel rolling mill at Helwan. This project is one of five specified in a protocol of 27 January to be constructed during the second stage of Egypt's industrialization program.

Cyprus has concluded five trade agreements with Bloc countries that call for total Cypriot-Bloc trade in 1962 to reach \$12 million, a level about double the amount of such trade in 1961.

Ghana has announced that the economic agreement signed with Czechoslovakia in October 1961 provides for an additional credit of \$14 million. The identification of this credit raises the total of known Bloc credits to Ghana to \$196 million (in December 1961, Nkrumah claimed that the Bloc had extended credits to Ghana amounting to \$265 million).

Communist China reportedly will construct two small munitions plants in Ghana. These plants will be financed under a line of credit of \$19.6 million extended in August 1961.

The Somali Republic recently accepted a Soviet offer of a 50-kilowatt radio transmitter to be provided on a grant basis.

On 9 February a contract was signed that provides for Soviet aid in the expansion of the Bhilai steel plant in India from its present annual capacity of 1 million tons to 2.5 million tons of steel ingots. The foreign exchange costs of this project -- estimated to be \$114 million -- will be funded from a line of credit of \$375 million extended by the USSR in 1959 for India's Third Five Year Plan (1961-65).

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In its fourth year of food shortages, Communist China thus far in 1962 has contracted for about 3.5 million tons of grain from countries of the Free World. The total imports of grain from non-Bloc areas in 1962 are expected to approximate the figure of 5.9 million tons purchased in 1961. About 600,000 tons were diverted in 1961 to Cuba, Ceylon, and Albania, leaving a net figure of 5.3 million tons imported by Communist China.

The USSR is providing assistance to a number of underdeveloped countries in the field of atomic energy. The installation of Soviet reactors has been completed in Egypt and Yugoslavia, and currently the USSR is implementing agreements to provide Afghanistan, Ghana, Indonesia, and Iraq with reactors. The USSR also is providing technical assistance in this field to these countries as well as to India.

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